

VILLAGE OF OAKLEY, MICHIGAN
FINANCIAL STATEMENTS
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

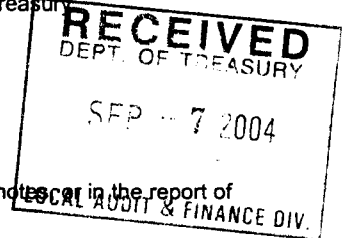
Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Oakley	County Saginaw
Audit Date 3-31-04 8-20-04	Opinion Date 8-20-04	Date Accountant Report Submitted to State: 9-1-04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Demis and Wenzlick, P.C.			
Street Address 217 N. Washington, Suite 201	City Owosso	State MI	ZIP 48867
Accountant Signature 		Date 9/1/04	

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DEMIS and WENZLICK, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Honorable President
and Village Council
Village of Oakley, Michigan

We have audited the accompanying general-purpose financial statements of The Village of Oakley, Saginaw County, Michigan, as of March 31, 2004. These financial statements are the responsibility of the village of Oakley's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Oakley, as of March 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

Our examination was made for the purpose of forming an opinion on the combined general-purpose financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information, listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the combined general-purpose financial statements of the Village of Oakley.

The information has been subjected to the auditing procedures applied in the financial statements of the combined, combining and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined general-purpose financial statements taken as a whole.

Our report of comments and recommendations has been submitted under date of August 20, 2004.

Dennis and Wengfist, P.C.

Certified Public Accountants

Owosso, Michigan
August 20, 2004

VILLAGE OF OAKLEY, MICHIGAN
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	GOVERNMENTAL FUND TYPE		GENERAL FIXED ASSETS
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	
ASSETS:			
Cash in Bank	\$ 30,823	\$ 77,400	\$
Certificate of Deposit	64,978	38,171	
Taxes Receivable	6,405	-0-	
Due from Other Funds			
Accounts Receivable		4,000	
Fixed Assets	-0-	-0-	<u>229,188</u>
	<u>\$102,206</u>	<u>\$119,571</u>	<u>\$229,188</u>
LIABILITIES:			
Accounts Payable	\$ 4,271	\$ 64	\$
Due to Other Funds	<u>4,000</u>	<u>-0-</u>	
	\$ 8,271	\$ 64	\$ -0-
FUND EQUITY:			
Fund Equity	<u>93,935</u>	<u>119,507</u>	<u>229,188</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$102,206</u>	<u>\$119,571</u>	<u>\$229,188</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF OAKLEY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL ALL GOVERNMENTAL TYPE FUNDS
YEAR ENDED MARCH 31, 2004

	<u>GENERAL FUND</u>			<u>SPECIAL REVENUE</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
REVENUES:						
Taxes	\$ 37,700	\$ 38,949	\$ (1,249)	\$	\$	\$
Inter-Gov't	28,500	29,426	(926)	34,200	36,785	(2,585)
Interest	125	2,115	(1,990)	198	2,007	(1,809)
Other	<u>23,650</u>	<u>25,910</u>	<u>(2,260)</u>			
TOTAL REV.	\$ 89,975	\$ 96,400	\$ (6,425)	\$ 34,398	\$ 38,792	\$ (4,394)
EXPENDITURES:						
Admin.	\$ 15,775	\$ 11,768	\$ 4,007	\$	\$	\$
Law Enf.	13,000	10,352	2,648			
House Upkeep	1,500	18	1,482			
Mowing	2,800	1,950	850			
Insurance	9,540	9,342	198			
Parks & Rec.	2,300	173	2,127			
DPW	8,000	6,785	1,215			
Refuse Coll.	11,060	11,060	-0-			
Election						
Costs	700	603	97			
Utilities	10,625	10,720	(95)			
Streets	-0-	-0-	-0-	90,998	23,956	67,042
Christmas						
Decorations	1,300	425	875			
County Treas.	525	510	15			
Tree Service	500	30	470			
Zoning	1,700	1,704	(4)			
Attorney	74	74	-0-			
Legal Notices	1,000	92	908			
Misc.	12,849	477	12,372			
Capital						
Outlay	1,000	-0-	1,000			
Waste Water						
Study	<u>23,638</u>	<u>24,242</u>	<u>(604)</u>			
TOTAL EXP.	\$ <u>117,886</u>	\$ <u>90,325</u>	\$ <u>27,561</u>	\$ <u>90,998</u>	\$ <u>23,956</u>	\$ <u>67,042</u>
OTHER FINANCING SOURCES (USES):						
Interfund Transfers:						
In	\$ -0-	\$ -0-	\$ -0-	\$ 6,900	\$ 6,897	\$ 3
Out	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(6,900)</u>	<u>(6,897)</u>	<u>(3)</u>
TOTAL OTHER SOURCES (USES)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>(27,911)</u>	\$ 6,075	\$ <u>(33,986)</u>	\$ <u>(56,600)</u>	\$ 14,836	\$ <u>(71,436)</u>
Fund Balance						
April 1, 2003		<u>87,860</u>			<u>104,671</u>	
FUND BALANCE						
MARCH 31, 2004		<u>\$93,935</u>			<u>\$119,507</u>	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF OAKLEY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
MARCH 31, 2004

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
REVENUES:		
Taxes	\$ 38,949	\$ -0-
Inter-Gov't.	29,426	36,785
Interest	2,115	2,007
Other	<u>25,910</u>	<u>-0-</u>
TOTAL REVENUES	\$ 96,400	\$ 38,792
EXPENDITURES:		
Administration	\$ 11,768	\$
Law Enforcement	10,352	
House Upkeep	18	
Mowing	1,950	
Insurance	9,342	
Parks and Recreation	173	
DPW	6,785	
Refuse Collection	11,060	
Election Costs	603	
Utilities	10,720	
Streets	-0-	23,955
Christmas Decorations	425	
County Treasurer	510	
Tree Service	30	
Attorney and Legal Notice	166	
Miscellaneous	477	
Capital Outlay	-0-	
Zoning	1,704	
Waste Water Study	<u>24,242</u>	<u>-0-</u>
TOTAL EXPENDITURES	\$ 90,325	\$ 23,955
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ 6,075	\$ 14,837
OTHER FINANCING SOURCES (USES):		
Interfund Transfers In	\$	\$ 6,897
Interfund Transfers Out	<u> </u>	<u>(6,897)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>-0-</u>	\$ <u>-0-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 6,075	\$ 14,837
Fund Balance Beginning of Year	<u>87,860</u>	<u>104,671</u>
FUND BALANCE MARCH 31, 2004	\$ <u>93,935</u>	\$ <u>119,508</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF OAKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Oakley conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

FUND ACCOUNTING

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

GOVERNMENT FUNDS

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

VILLAGE OF OAKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS AND LONG-TERM LIABILITIES (CONTINUED)

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Group, rather than in governmental funds. Public Domain ("infrastructure") general fixed assets consisting of certain improvements including buildings, but other than roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the government funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in General Long-Term Debt Account Group.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

VILLAGE OF OAKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All governmental funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued.

BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the budget committee submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Village to obtain taxpayer comments.
3. Prior to April 1, the budget is adopted.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CASH AND INVESTMENTS

Cash includes amounts in demand deposits and money market accounts. These are stated at cost, which equals market value.

VILLAGE OF OAKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

Short-term interfund loans are classified as "due from other funds" or "due to other funds" on the balance sheet. Transactions occurring between individual funds for goods provided or services rendered are also classified as "due to other funds" or "due from other funds" on the balance sheet.

LONG-TERM OBLIGATIONS

The portion of long-term debt expected to be financed from expendable available financial resources is recognized as a liability of a governmental fund when due. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities are expected to be financed from proprietary fund operations are accounted for in those funds.

COMPENSATED ABSENCES

The Village does not compensate employees for vacation time, sick-time or any other absences.

POST-RETIREMENT HEALTH CARE BENEFITS

The Village does not provide post-retirement health care benefits.

ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments in the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the government fund types. Encumbrances outstanding at year end are reported as reservations of fund balances and do not institute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no significant encumbrances at year end.

PROPERTY TAXES

Property taxes attach an enforceable lien on property by the county. Taxes are levied on April 1, and payable on July 1. The Village bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables. The Village is permitted by the Municipal Finance Law of the State to levy taxes up to 15.0 mills for general government services. The Village has levied 4.6558 mills for general services.

VILLAGE OF OAKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPARATIVE DATA

Comparative (i.e. presentation of prior year totals by fund type) data have not been presented in the statements since their inclusion would make the statements unduly complex and difficult to read.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

NOTE B - PROPERTY TAXES RECEIVABLE

The delinquent real property taxes of the Village are purchased by the county of Saginaw. The county intends to sell tax notes, the proceeds of which will be used to pay the Village for these property taxes. It is anticipated this will take place in May, 2004. These taxes have been recorded as revenue for the current year.

NOTE C - EXCESS OF EXPENDITURES OVER APPROPRIATION IN BUDGETARY FUNDS

P.A. 621, of 1978, section 18 (1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a activity basis. The approved budgets of the Village for these budgetary funds were adopted to the activity level.

VILLAGE OF OAKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE C - EXCESS OF EXPENDITURES OVER APPROPRIATION IN
BUDGETARY FUNDS (CONTINUED)

During the year ended March 31, 2004, the Village incurred expenditures in certain budgetary line items which were in excess of the amounts appropriated as follows:

	<u>TOTAL</u> <u>APPROPRIATION</u>	<u>AMOUNT OF</u> <u>EXPENDITURE</u>	<u>BUDGET</u> <u>VARIANCE</u>
General Fund:			
Zoning	\$ 1,700	\$ 1,704	\$ 4
Utilities	10,625	10,720	95
Building Inspector	1,300	1,360	60
Waste Water Study	23,638	24,242	604
Local Street Fund:			
Winter Maintenance	5,000	6,319	1,319
Payroll Taxes	-0-	211	211
Major Street Fund			
Payroll Taxes	-0-	214	214

NOTE D - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>BALANCE</u> <u>3-31-03</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>3-31-04</u>
Land & Bldgs.	\$114,128	\$ -0-	\$ -0-	\$114,128
Vehicles	55,220	-0-	-0-	55,220
Fire Dept. Equip.	4,240	-0-	-0-	4,240
Police Equip.	7,598	-0-	-0-	7,598
Office & Garage				
Equipment	34,408	-0-	-0-	34,408
Miscellaneous	<u>13,015</u>	<u>579</u>	<u>-0-</u>	<u>13,594</u>
	<u>\$228,609</u>	<u>\$ 579</u>	<u>\$ -0-</u>	<u>\$229,188</u>

NOTE E - REPORTING ENTITY

For financial reporting purposes, in conformance with NCGA Statement No. 3, Defining the Governmental Reporting Entity the Village of Oakley includes all funds, account groups, agencies, boards, commissions and authorities that are controlled by or dependent on the Village's executive or legislative branches (the Village President or the Board, respectively). Control by or dependence on the Village was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Village obligation of the Village to finance any deficits may occur or receipt of significant subsidies from the Village.

VILLAGE OF OAKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE E - REPORTING ENTITY (CONTINUED)

Based on the foregoing criteria, there were no organizations that need to be included in the Village's annual report.

NOTE F - CASH AND CERTIFICATES OF DEPOSIT

The Village's deposits at March 31, 2004, consisted of cash and certificate of deposit as follows:

<u>INSTITUTION A</u>	<u>AMOUNT</u>	<u>FDIC INSURED</u>	<u>UNINSURED</u>
Cash	\$108,223	\$100,000	\$ 8,223
Certificate of Deposit	<u>103,149</u>	<u>100,000</u>	<u>3,149</u>
	<u>\$211,372</u>	<u>\$200,000</u>	<u>\$11,472</u>

NOTE G - INTER-FUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>FUND</u>	<u>INTERFUND PAYABLE</u>
General	\$ -0-	General	\$ 4,000
Major Street	<u>4,000</u>	Major St.	<u>-0-</u>
	<u>\$ 4,000</u>		<u>\$ 4,000</u>

VILLAGE OF OAKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE H - PENDING OR THREATENED LITIGATION

On the issue of pending or threatened litigation, the Water Division of the Michigan Department of Environmental Quality ("MDEQ") alleges that the Village of Oakley is in violation of Part 31, Water Resources Protection, of the National Resources and Environmental Protection Act, 1994 PA 451, as amended, MCL 324.3101 et seq.; and the rules promulgated under Part 31 for failing to provide citizens of the Village with a sewage disposal system that adequately protects public health and the environment from injurious discharges associated with failing septic tank systems. The allegations of the MDEQ have been turned over to the Michigan Attorney General's office for enforcement action. The Michigan Attorney General is directing all aspects of settlement negotiations. It is still believed that a settlement of the dispute is likely.

FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VILLAGE OF OAKLEY, MICHIGAN
GENERAL FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash in Bank	\$ 30,823
Certificates of Deposit	64,978
Taxes Receivable	<u>6,405</u>
	<u>\$102,206</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	\$ 4,271
Due to Other Funds	<u>4,000</u>
TOTAL LIABILITIES	\$ 8,271

Fund Balance	<u>93,935</u>
	<u>\$102,206</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF OAKLEY, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
REVENUES:			
Taxes:			
Current Taxes	\$ <u>37,700</u>	\$ <u>38,949</u>	\$ (1,249)
TOTAL TAXES	\$ 37,700	\$ 38,949	\$ (1,249)
State of Michigan:			
Shared Revenues	\$ 28,500	\$ 28,474	\$ 26
Liquor Control	-0-	952	(952)
TOTAL STATE OF MICHIGAN	\$ 28,500	\$ 29,426	\$ (926)
Other Revenues:			
Rent & Fees	\$ 21,750	\$ 22,390	\$ (640)
Interest	125	2,115	(1,990)
Building Inspections	600	2,245	(1,645)
Miscellaneous	<u>1,300</u>	<u>1,275</u>	<u>25</u>
TOTAL OTHER REVENUES	\$ <u>23,775</u>	\$ <u>28,025</u>	\$ (4,250)
TOTAL REVENUES	<u>\$ 89,975</u>	<u>\$ 96,400</u>	<u>\$ (6,425)</u>
GENERAL ADMINISTRATION:			
Officials Wages	\$ 5,400	\$ 5,190	\$ 210
Postage	200	158	42
Maintenance Building	1,000	143	857
Building Inspector	1,300	1,360	(60)
Telephone	545	540	5
Hall Upkeep	3,000	1,563	1,437
Supplies -Office, Dues	2,730	1,797	933
Payroll Taxes	<u>1,600</u>	<u>1,017</u>	<u>583</u>
	\$ 15,775	\$ 11,768	\$ 4,007
LAW ENFORCEMENT:			
Wages	\$ 7,600	\$ 6,608	\$ 992
Gas, Maint. & Rep.	2,900	2,446	454
Telephone	<u>2,500</u>	<u>1,298</u>	<u>1,202</u>
	\$ 13,000	\$ 10,352	\$ 2,648

The accompanying notes are an integral part of the financial statements.

VILLAGE OF OAKLEY, MICHIGAN
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL (OVER) UNDER BUDGET</u>
HOUSE UPKEEP	\$ 1,500	\$ 18	\$ 1,482
MOWING	2,800	1,950	850
INSURANCE	9,540	9,342	198
PARKS	2,300	173	2,127
REFUSE COLLECTION	11,060	11,060	-0-
ELECTION COSTS	700	603	97
UTILITIES	10,625	10,720	(95)
ATTORNEY	74	74	-0-
LEGAL NOTICES	1,000	92	908
CHRISTMAS DECORATIONS	1,300	425	875
COUNTY TREASURER	525	510	15
TREE SERVICE	500	30	470
DPW	8,000	6,785	1,215
CAPITAL OUTLAY	1,000	-0-	1,000
ZONING	1,700	1,704	(4)
WASTE WATER STUDY	<u>23,638</u>	<u>24,242</u>	<u>(604)</u>
	<u>\$ 76,262</u>	<u>\$ 67,728</u>	<u>\$ 8,534</u>
MISCELLANEOUS EXPENDITURES:			
Miscellaneous	\$ 12,364	\$ -0-	\$ 12,364
MI Municipal League	<u>485</u>	<u>477</u>	<u>8</u>
	<u>\$ 12,849</u>	<u>\$ 477</u>	<u>\$ 12,372</u>
TOTAL EXPENDITURES	<u>\$ 117,886</u>	<u>\$ 90,325</u>	<u>\$ 27,561</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (27,911)</u>	\$ 6,075	\$ <u>(33,986)</u>
Fund Balance - April 1, 2003		<u>87,860</u>	
FUND BALANCE - MARCH 31, 2004		<u>\$ 93,935</u>	

The accompanying notes are an integral
part of the financial statements.

SPECIAL REVENUE FUNDS

MAJOR STREET FUND

Major Street Fund is used to receive all Major Street monies paid to the Village by the state, to account for monies received from special tax levies for street improvement purposes, to account for construction, maintenance and other authorized operations to all streets classified as Major Street.

LOCAL STREET FUND

Local Street Fund is used to receive all Local Street monies paid to the Village by the state, to account for monies received from special tax levies for street improvement purposes, to account for monies received from General Fund contributions and to account for construction, maintenance and other authorized operations to all streets classified as Local Streets.

VILLAGE OF OAKLEY, MICHIGAN
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004

	<u>MAJOR STREET FUND</u>	<u>LOCAL STREET FUND</u>	<u>COMBINED</u>
Cash in Bank	\$ 60,967	\$16,433	\$ 77,400
Certificate of Deposit	36,379	1,792	38,171
Due from Other Funds	4,000	-0-	4,000
Accounts Receivable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$101,346</u>	<u>\$18,225</u>	<u>\$119,571</u>

LIABILITIES AND FUND BALANCE

Liabilities:			
Accounts Payable	\$ 36	\$ 28	\$ 64
Due to Other Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES	\$ 36	\$ 28	\$ 64
Fund Balance	<u>101,310</u>	<u>18,197</u>	<u>119,507</u>
	<u>\$101,346</u>	<u>\$18,225</u>	<u>\$119,571</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF OAKLEY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004

	<u>MAJOR STREET FUND</u>	<u>LOCAL STREET FUND</u>	<u>COMBINED</u>
REVENUES:			
Motor Vehicle Highway Funds	\$ 27,943	\$ 8,842	\$ 36,785
Interest Income	<u>1,953</u>	<u>54</u>	<u>2,007</u>
TOTAL REVENUES	\$ 29,896	\$ 8,896	\$ 38,792
EXPENDITURES:			
Misc. - Non-Motorized	\$ 261	\$ 318	\$ 579
Payroll Taxes	214	211	425
Routine Maintenance	5,900	5,847	11,747
Traffic Service	208	122	330
Winter Maintenance	4,356	6,319	10,675
Administration	<u>90</u>	<u>110</u>	<u>200</u>
TOTAL EXPENDITURES	\$ <u>11,029</u>	\$ <u>12,927</u>	\$ <u>23,956</u>
EXCESS REVENUES OVER (UNDER)			
EXPENDITURES	\$ <u>18,867</u>	\$ <u>(4,031)</u>	\$ <u>14,836</u>
OTHER FINANCING SOURCES (USES):			
Interfund Transfer In	\$ -0-	\$ 6,897	\$ 6,897
Interfund Transfers Out	<u>(6,897)</u>	<u> </u>	<u>(6,897)</u>
TOTAL OTHER SOURCES (USES)	\$ <u>(6,897)</u>	\$ <u>6,897</u>	\$ <u>-0-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES			
	\$ 11,970	\$ 2,866	\$ 14,836
Fund Balance 4-1-03	<u>89,340</u>	<u>15,331</u>	<u>104,671</u>
FUND BALANCE 3-31-04	\$ <u>101,310</u>	\$ <u>18,197</u>	\$ <u>119,507</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF OAKLEY, MICHIGAN
MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
REVENUES:			
Motor Vehicle Highway Funds	\$ 26,000	\$ 27,943	\$ (1,943)
Interest Income	<u>160</u>	<u>1,953</u>	<u>(1,793)</u>
TOTAL REVENUES	\$ 26,160	\$ 29,896	\$ (3,736)
EXPENDITURES:			
Construction	\$ 8,000	\$ -0-	\$ 8,000
Payroll Taxes	-0-	214	(214)
Routine Maintenance	13,000	5,900	7,100
Traffic Service	500	208	292
Winter Maintenance	6,500	4,356	2,144
Miscellaneous	33,130	261	32,869
Administration	<u>130</u>	<u>90</u>	<u>40</u>
TOTAL EXPENDITURES	\$ <u>61,260</u>	\$ <u>11,029</u>	\$ <u>50,231</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ (35,100)	\$ <u>18,867</u>	\$ <u>53,967</u>
OTHER FINANCING SOURCES (USES):			
Interfund Transfers Out	\$ (6,900)	\$ (6,897)	\$ <u>3</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (42,000)	11,970	\$ <u>53,970</u>
Fund Balance - April 1, 2003		<u>89,340</u>	
FUND BALANCE - MARCH 31, 2004		\$ <u>101,310</u>	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF OAKLEY, MICHIGAN
LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
REVENUES:			
Motor Vehicle Highway Funds	\$ 8,200	\$ 8,842	\$ (642)
Miscellaneous	-0-	-0-	-0-
Interest Income	<u>38</u>	<u>54</u>	<u>(16)</u>
TOTAL REVENUES	\$ 8,238	\$ 8,896	\$ (658)
EXPENDITURES:			
Construction	\$ 2,000	\$ -0-	\$ 2,000
Payroll Taxes	-0-	211	(221)
Routine Maintenance	15,500	5,847	9,653
Traffic Service	700	122	578
Winter Maintenance	5,000	6,319	(1,319)
Administration	150	110	40
Misc.-Non-Motorized	<u>6,388</u>	<u>318</u>	<u>6,070</u>
TOTAL EXPENDITURES	\$ <u>29,738</u>	\$ <u>12,927</u>	\$ <u>16,811</u>
EXCESS REVENUES OVER (UNDER)			
EXPENDITURES	\$ (21,500)	\$ (4,031)	\$ (17,469)
OTHER FINANCING SOURCES (USES):			
Interfund Transfer In	\$ <u>6,900</u>	\$ <u>6,897</u>	\$ <u>3</u>
TOTAL OTHER SOURCES (USES)	\$ 6,900	\$ 6,897	\$ 3
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES			
	\$ (<u>14,600</u>)	2,866	\$ (<u>17,466</u>)
Fund Balance - April 1, 2003		<u>15,331</u>	
FUND BALANCE - MARCH 31, 2004		\$ <u>18,197</u>	

The accompanying notes are an integral part of the financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets

VILLAGE OF OAKLEY, MICHIGAN
GENERAL FIXED ASSET ACCOUNT GROUP
BALANCE SHEET
MARCH 31, 2004

ASSETS

Building and Land	\$114,128
Vehicles	55,220
Fire Department Equipment	4,240
Police Equipment	7,598
Office and Garage Equipment	34,408
Miscellaneous	<u>13,594</u>
	<u>\$229,188</u>

FUND BALANCE

Investment in General Fixed Assets	<u>\$229,188</u>
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The accompanying notes are an integral
part of the financial statements.



DEMIS and WENZLICK, P.C.

Certified Public Accountants

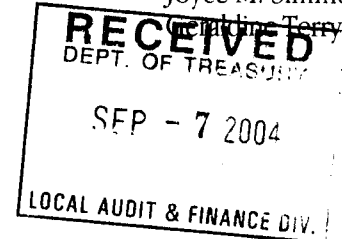
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To the Honorable President
and Village Trustees
Village of Oakley, Michigan



In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of the general and street funds of the Village of Oakley for the year ended March 31, 2004.

ACCOUNTING METHOD AND RECORDS

The accounting records of the Village are kept on the cash basis in a combined journal record for cash receipts and disbursements. There is a general ledger to summarize transactions and control accounts. The general ledger summarizes accounts for all funds. All cash disbursements should be recorded in the ledger. The Village does not balance the ledger.

We recommend that a self-balancing general ledger be maintained for each fund.

BUDGET

The State Revenue Sharing Distribution; Law, P.A. 176, of 1980, includes a compliance requirement in budgeting. It is required under this act that expenditures do not exceed the budget. Expenditures include accounts payable at March 31. Budgeted expenditures cannot exceed budgeted revenues plus the beginning fund balance.

NON-MOTORIZED IMPROVEMENTS

A portion of the money the Village of Oakley receives from the State of Michigan is based on the amount of money disbursed on non-motorized improvements throughout the year. The grand total from the last ten consecutive years of non-motorized improvements should equal or exceed 1% of the Village's Fiscal Years Michigan Transportation Fund time 10. In the ten years ended March 31, 2004, there was only \$1,884.00 in non-motorized improvements. The grand total should have been \$3,679.00.

NON-MOTORIZED IMPROVEMENTS (CONTINUED)

We recommend that you budget more money each year on non-motorized improvements, such as bike routes, in order not to jeopardize any future street monies received from the State of Michigan.

FISCAL YEAR STREET REPORT

During unaudited interim years, the Village of Oakley personnel prepare the fiscal year street report. Errors have been discovered during these years on the report. We recommend the Village of Oakley use extra care in preparing and balancing the fiscal year street report.

GASB 34

The Government Accounting Standard Board issued Statement #34. This statement significantly changes governmental financial reporting. It requires reporting of infrastructure, including related depreciation and it requires management discussion and analysis of the government's financial condition. The effective date of this statement is March 31, 2005 for the Village of Oakley.

The State of Michigan has indicated it will not enforce compliance with GASB 34. We will, at a later time, itemize both the advantages and disadvantages to the Village of Oakley's compliance with this statement.

We appreciate the cooperation and efforts put forth by the treasurer and all Village personnel during our examination. If there are any questions regarding this letter or if we can be of any assistance in implementing any of the recommendations of this letter please contact me.

Very truly yours,

Dennis and Wengert, P.C.

Certified Public Accountants